

**NEBRASKA EMPLOYMENT AND INVESTMENT CREDIT COMPUTATION**

for Tax Years after 1997

• Attach this form to the original or amended return.

**FORM  
3800N**

beginning \_\_\_\_\_, \_\_\_\_\_

and ending \_\_\_\_\_, \_\_\_\_\_

Name as Shown on Return

Social Security No. or Nebraska I.D. No.

Type of Return

- (1) ☐ 1040N (4) ☐ 1120-SN  
(2) ☐ 1120N (5) ☐ 1041N  
(3) ☐ 1065N (6) ☐ 1120NF

Location Address(es) Where Expansion Occurred

County Where Expansion Occurred

**1 Qualifying Business Type (check only one—see instructions). If this is your initial claim, attach a complete explanation of your business activity.**

- (1) ☐ Assembly, fabrication, manufacture, or processing of tangible personal property  
(2) ☐ Storage, warehousing, distribution, transportation, or sale of tangible personal property  
(3) ☐ Feeding of livestock  
(4) ☐ Farming or ranching  
(5) ☐ Conducting research, development, or testing for scientific, agricultural, animal husbandry, or industrial purposes  
(6) ☐ Performance of data processing, telecommunication, insurance, or financial services  
(7) ☐ Administrative management or headquarters of any activity which includes items 1 through 6 above, or the headquarters of a retailer  
(8) ☐ Any combination of activities 1 through 7; list types: \_\_\_\_\_

**2** (1) ☐ Single location (2) ☐ Multiple locations (3) ☐ Related parties **3** Total sales which are retail (percent): \_\_\_\_\_ %**4 Reason for filing (check only one): Caution: You cannot receive credits with an increase in investment only.**

- (1) ☐ Claim original tax credits (2) ☐ Claim credits for additional employees (3) ☐ Report employment and investment levels for two years after credits claimed

• Taxpayers claiming original tax credits must increase both employment and investment levels by the required amounts in the same tax year.

**QUALIFIED NEBRASKA EMPLOYEE CALCULATION (see instructions)**

Business Began in NE: \_\_\_\_ / \_\_\_\_ / \_\_\_\_

Indicate your NE Withholding Tax No.: 21- \_\_\_\_\_

**(A)  
Total Hours Paid****(B)  
Full-Time Equivalent  
Nebraska Employees****5** Equivalent Nebraska employees for current year . . . . .**6** Equivalent Nebraska employees for first preceding year . . . . .**7** Equivalent Nebraska employees for second preceding year . . . . .**8** Equivalent Nebraska employees for third preceding year . . . . .**9** Enter **highest** of lines 6, 7, or 8 . . . . .**10** TOTAL increased Nebraska employment eligible for tax credit (line 5 minus line 9; round result **down** to lower whole number). If less than 2.0, enter zero (-0-) . . . . .**11** Total tentative employment credit amount (line 10 multiplied by \$1,500) . . . . .**NEBRASKA QUALIFIED INVESTMENT CALCULATION**

Attach worksheet calculating your current end-of-year total Nebraska qualified investment.

Enter Tax Year  
mo. / day / yr.

Beg. Year

Year End

**TOTAL NEBRASKA QUALIFIED INVESTMENT****(A) Beginning of Year****(B) End of Year****(C) AVERAGE  
(Divide Total of Columns  
A and B by 2)****12** Current year . . . . .**13** First preceding year . . . . .**14** Second preceding year . . . . .**15** Third preceding year . . . . .**16** Enter the current end-of-year investment amount (line 12, Column B) . . . . .**17** Enter the **highest** of lines 12(A), 13(C), 14(C), or 15(C) . . . . .**18** Total Nebraska qualified investment (line 16 minus line 17). If less than \$75,000, enter zero . . . . .**19** Total calculated investment credits (line 18 divided by \$75,000; round result **down** to lower whole number) . . . . .**20** Total tentative investment credit amount (line 19 multiplied by \$1,000) . . . . .**21** Total employment and investment incentive credits (LB 270) (line 11 plus line 20) . . . . .**22** Amount of Nebraska sales and use tax refunds for LB 270 claimed to date . . . . .**23** Total LB 270 distributed credit received (line 41 on reverse side) . . . . .**24** Total LB 270 credits carried forward (List years credits earned: \_\_\_\_\_) . . . . .**25** Total available LB 270 credit amounts (total of lines 21, 23, and 24; minus line 22) . . . . .**26** Nebraska income tax liability . . . . .**27** Total nonrefundable credits (other than Form 3800N) . . . . .**28** Nebraska income tax liability after other nonrefundable credits (line 26 minus line 27) . . . . .**29** 50 percent of line 28 (multiply line 28 by 0.50) . . . . .**30** LB 270 credit used to reduce income tax liability (do not exceed the lesser of line 25 or line 29) . . . . .**31** Amount of LB 270 credits distributed to partners, shareholders, and beneficiaries on line 40 on reverse side . . . . .**32** Unused LB 270 credits no longer available (see instructions) . . . . .**33** Total LB 270 credit to be carried forward (line 25 minus lines 30, 31, and 32) . . . . .**34** Form 775N credit (from Form 775N and line 46, on reverse side) . . . . .**35** Enterprise zone credits (**attach** Nebraska Schedule I – Enterprise Zone Credit Computation) . . . . .**36** Amount of recapture (see instructions for lines 38 and 39). Attach a worksheet . . . . .**37** Total Form 3800N credit (total of lines 30, 34, and 35 minus line 36). Enter on Form 1040N, 1120N, or 1041N**NOTE – Total of lines 30, 34 and 35 cannot exceed line 28**

**MAINTENANCE AND RECAPTURE SCHEDULE**

- If you check "Yes" on lines 38 or 39, you may be subject to recapture provisions.  
Contact the Nebraska Department of Revenue for further instructions.

**38** Were you in recapture last year (see instructions)?☐ YES☐ NO**39** Is the number of full-time equivalent employees in Nebraska or the amount of qualified investment for the current year less than in the year in which credits were earned?☐ YES☐ NO**Employment Expansion and Investment Incentive Act (LB 270) Credit Distribution Only****Distribution of Credits by Partnerships, S Corporations, Limited Liability Companies, and Certain Fiduciaries Only****40** Distribution of Employment Expansion and Investment Incentive Act credit among partners, shareholders, members, and beneficiaries. Enter in the space provided the partner's, shareholder's, member's, or beneficiary's name, social security number or federal identification number, share of income or ownership, and appropriate share of the credit.

Name of Partners, Shareholders, Members or Beneficiaries	Social Security No. or Federal I.D. No.	Share of Income or Ownership	Year Credit Earned	Share of Credit
				\$
TOTAL of credits distributed (enter here and include on line 31)		100%		\$

**Employment Expansion and Investment Incentive Act (LB 270) Credits Received****Distributed Credits Received by Partners, S Corporation Shareholders,  
Limited Liability Company Members, and Certain Fiduciary Beneficiaries Only****41** If any of the credit is from a partnership, S corporation, limited liability company, exempt cooperative, or fiduciary that distributes its income currently, enter in the space provided the name, address, Nebraska identification number, the year the credit was earned, and your share of the credit of each partnership, S corporation, limited liability company, or fiduciary.

Name	Address	Nebraska I.D. Number	Year Credit Earned	Share of Credit
				\$
TOTAL of credits received (enter here and include on line 23)				

**LB 775 Credits Received Through Distribution****Distributed Credits Received by Partners, S Corporation Shareholders,  
Limited Liability Company Members, and Certain Fiduciary Beneficiaries Only****42** If any of the credit is from a partnership, S corporation, limited liability company, exempt cooperative, or fiduciary that distributes its income currently, enter in the space provided the name, address, Nebraska identification number, the year the credit was earned, and your share of the credit of each partnership, S corporation, limited liability company, or fiduciary.

Name	Address	Nebraska I.D. Number	Year Credit Earned	Share of Credit
				\$

TOTAL of your share of distributed credits .....

**42****43** Total distributed credits carried forward from earlier year(s) .....**43****44** Total amount of distributed credits available for use (line 41 plus line 42) .....**44****45** Nebraska income tax liability after all other non-refundable credits. ....**45****46** Credits to reduce income tax liability. Enter here and on line 34 .....**46**

\$

**47** Total credits to be carried forward (line 43 minus line 45)**47**

## INSTRUCTIONS

These instructions are primarily for those taxpayers claiming credits under the Employment Expansion and Investment Incentive Act (LB 270).

### **SPECIAL INSTRUCTIONS FOR TAXPAYERS CLAIMING CREDIT UNDER EMPLOYMENT AND INVESTMENT GROWTH ACT (LB 775)**

If the business is using the Employment and Investment Growth Act credit to reduce its income tax liability, complete line 1 and lines 42 through 47. Enter the amount of credit being used from Form 775N, and from line 45, Form 3800N on lines 34 and 37. The other lines on Form 3800N do not have to be completed. If you are claiming credits from both the Employment and Investment Growth Act **and** the Employment Expansion and Investment Incentive Act, contact Audit Services of the Nebraska Department of Revenue for instructions before completing Form 3800N.

**WHO MUST FILE.** Every taxpayer must complete Nebraska Employment and Investment Credit Computation, Form 3800N, in order to claim or use the credits allowed by the Employment Expansion and Investment Incentive Act and by the Employment and Investment Growth Act. This form must be used by taxpayers claiming credits in tax year 1998 and after. For prior years, file the before-1998 Form 3800N. **Every taxpayer who qualifies for credits under the Employment Expansion and Investment Incentive Act is required to file Form 3800N for the two years after the year in which credits were earned.** For example: if Company A filed Form 3800N and earned employment and investment incentive credits in tax year 1999, Company A must, at the minimum, file Form 3800N in tax years 2000 and 2001 even though all of the credits may have been used in 1999.

**WHEN AND WHERE TO FILE.** This computation must be completed and attached to the income tax return filed by an individual, corporation, fiduciary, partnership, limited liability company, or S corporation for which a credit is claimed.

**Partners, shareholders, members, or beneficiaries** who are allowed any distributive credits from a partnership, S corporation, limited liability company, or fiduciary should complete lines 23 through 39 and Credit Distribution, Form 3800N. A copy of the Form 3800N filed by the partnership, S corporation, limited liability company, or fiduciary must be attached to the taxpayer's Form 3800N. These credits may only be used to reduce the taxpayer's income tax liability.

**QUALIFYING BUSINESSES FOR LB270** include those businesses listed on the front page of this form and include those businesses making sales of tangible personal property if more than 20 percent of the total sales are in any combination of the following:

- a. Sales for resale (wholesale sales),
- b. Sales of tangible personal property assembled, fabricated, manufactured, or processed by the seller, or
- c. Sales of tangible personal property used by the purchaser in any of the listed qualifying activities.

**NONQUALIFYING BUSINESSES** include any business in which 80 percent or more of the total sales of the business are retail sales of tangible personal property to the ultimate user or consumer of the property. Sales of tangible personal property that is assembled, fabricated, manufactured, or processed by the taxpayer or that is used by the purchaser in the business activities listed on the front page of this form are not considered retail sales for this test.

Thus, a business that sells goods to the consumer for his or her consumption will generally not qualify for the credit if such sales account for at least 80 percent of the business' total sales. A manufacturer selling products to a wholesaler will qualify, as will a manufacturer or wholesaler selling products to a retail operation.

Businesses which do not qualify include:

- Restaurants,
- Most retailers,
- Contractors, repairpersons, installers, and most persons providing services.

A business conducting mixed activities must separate the activities into qualifying and nonqualifying calculations.

**ENTERPRISE ZONE.** If your location is within a Nebraska enterprise zone designated by the Department of Economic Development and you employ residents of the enterprise zone, you may qualify for increased credits. Request a Nebraska Schedule I – Enterprise Zone Credit Computation from the Nebraska Department of Revenue.

**FINANCIAL INSTITUTIONS** subject to the Nebraska financial institutions tax, may qualify for employment and investment credits. The credits cannot be used to reduce a financial institution's tax liability on Form 1120NF, but may be used to claim a Nebraska sales and use tax refund.

**EXISTING BUSINESS.** Credits will not be allowed for the acquisition of an existing business.

**RELATED PARTIES.** Any investment obtained in any manner from a related party, and any employees who were employed by a related party in the current year or the three preceding years, must be excluded from the credit computation.

Related parties include any corporations that are part of a unitary business, any other business entities that would be a part of the unitary business if they were corporations, and any business entities if at least 50 percent of such entities are owned by the same persons or related taxpayers and family members as defined in the ownership attribution rules of the Internal Revenue Code.

**MULTIPLE LOCATIONS.** One business location includes two or more parcels of real property within the same municipality or the same county when the business activities occurring on such parcels are interdependent. Being parts of the same unitary business is not sufficient to show interdependence between such parcels. A taxpayer with multiple business locations in Nebraska must provide the Nebraska identification number for each entity and calculate the employment and investment credits using two methods.

1. Compute the credits for each separate qualified business location of the taxpayer. The credits must be totaled for locations that qualify.
2. Compute credits based on the total business activity in the state, regardless of whether or not each location is a qualified business activity.

The taxpayer is entitled to the smaller of the two credit amounts computed under methods 1 and 2. **Copies of all workpapers used to calculate the credits under both methods must be attached to Form 3800N when filed.**

**NOTE:** You must increase **both** your employment by at least two employees **and** your investment by at least \$75,000 at the **same location** to qualify for any credits.

**FISCAL YEARS.** The tax year reported on the taxpayer's income tax return is the same period to be used when calculating the credits on Form 3800N.

**QUALIFIED EMPLOYEE LEASING COMPANY.** A qualified employee leasing company is a company that places **all** employees of a client-lessee on its payroll and leases such employees to the client-lessee on an ongoing basis for a fee and, that also grants to the client-lessee input into hiring and firing decisions. A qualified employee leasing company does not include a temporary employment agency.

The increase in the number of employees is based on equivalent employees whether they are employees of the taxpayer or the qualified employee leasing company. In order to receive credits in 2001, the three prior years must be computed on a basis consistent with the 2001 computation.

**RECORDS.** All claimants must retain records for at least three years after the filing of the return claiming the credit. If the taxpayer will be utilizing the carryforward period to claim the credit calculated, the records supporting the original credit must be kept for a period of at

least three years after the return is filed in which the credit carryforward is used.

**FAILURE TO MAINTAIN INVESTMENT AND EMPLOYMENT LEVELS.** A taxpayer is required to maintain the levels of employment and investment that created the credit for at least two years after the year in which the credit was allowed. If a taxpayer fails to maintain the required levels of employment and investment, the taxpayer will be subject to certain recapture provisions. See instructions for lines 38 and 39.

### SPECIFIC INSTRUCTIONS

**LOCATION ADDRESS.** List the business location in Nebraska where the investment and expanded employment occurred. This should include street address and city. Do not include the company's headquarters address unless this is either where the expansion occurred in Nebraska, or the expansion was at multiple locations.

**LINE 1.** Mark the box applicable to the business where the expansion occurred. You must mark one of the boxes. If none of the boxes applies to your business, you do not qualify for the credit. Contact the Nebraska Department of Revenue if you have a question about the qualification of your business.

**LINE 2.** Mark whether the business is located in a single or multiple locations. Also mark if there are related parties. See instructions on "Multiple Locations" or "Related Parties."

**LINE 3.** Enter the percent of the total sales of the business which are retail sales to the ultimate user or consumer. Do **not** include on this line the sale of tangible personal property which is assembled, fabricated, manufactured, or processed by the taxpayer or which is used by the purchaser in a qualified business activity.

**LINE 4.** If you checked box 1, you must increase your average employment by at least two equivalent Nebraska employees **and** your investment by at least \$75,000 in the same year.

If you checked box 2, you must increase your average employment by at least two equivalent Nebraska employees.

If you checked box 3, complete lines 1 through 8, 12 through 15, and lines 38 and 39. If you intend to reduce your income tax liability, complete lines 24 through 39 in addition to the other requirements.

**LINES 5, 6, 7, AND 8. COLUMN A, TOTAL HOURS PAID.** Enter the total hours paid for all Nebraska employees during the current tax year and each of the three preceding tax years. **Nebraska employee** shall mean an employee who is either a full-year or partial-year resident of Nebraska.

If the business is new to Nebraska and did not have any Nebraska employees in one or more of the preceding tax years, enter 0.0 on lines 6, 7, or 8, as appropriate.

If you have **no** employees and lease employees from a qualified employee leasing company, include the hours worked by the leased employees during the current year and the three prior years.

**COLUMN B FULL-TIME EQUIVALENT NEBRASKA EMPLOYEES.** Divide the amount in Column A by 40 times the number of weeks in the tax year. Round to one decimal place and enter in Column B. For example, if the taxpayer's Nebraska employees were paid 44,000 hours during the year and the year was 52 weeks, enter 44,000 in Column A and 21.2 in Column B.  $[44,000 \div (40 \times 52) = 21.15]$

**LINE 10.** The net increase in employment in Nebraska is the difference between line 5 and line 9. Round the result down to the lower whole number. Only claim the credit if the net increase is at least two equivalent Nebraska employees.

**If your actual increase in employment prior to rounding is less than two equivalent Nebraska employees, you do not qualify for tax credits.** For example, if the average employment for the current year is 14.7, and the highest preceding year's equivalent Nebraska employees is 12.9, the difference is 1.8. Therefore, the taxpayer has not increased employment by at least two equivalent Nebraska employees, and is not eligible for the credit.

**LINES 12, 13, 14, AND 15.** Enter in columns A, B, and C the beginning, ending, and average amounts of Nebraska investment in the current year and the three preceding years. This would include only investment in improvements to real property and tangible personal property that are depreciable under the Internal Revenue Code. **Do not include land, vehicles, planes, railroad rolling stock, or computer software.** The value of the property owned by the taxpayer is its tax basis before depreciation. Property rented is to be valued at the annual rental obligation, multiplied by eight, on each of the measuring points. Do not use rental expense to value rental property.

**LINE 12b.** Attach a worksheet calculating your current end-of-year total Nebraska qualified investment. Please include in your worksheet the line entries and their amounts from your current federal return and schedules that will verify your total Nebraska qualified investment amount.

**LINE 19.** Divide line 18 by \$75,000 and enter the whole number resulting from the calculation. Round the result down to the lower whole number. For example, if line 18 is \$360,000, the result from dividing by \$75,000 is 4.8, which is entered on line 19 as 4.0.

**LINE 22.** Enter the amount of Nebraska sales and use tax refunds claimed to date. This amount should include any amounts claimed, even if the taxpayer has not yet received the refund.

**LINE 32.** Enter the total of any LB 270 credits included on line 25 that were earned five years ago and were not used on lines 30 and 31 and any LB 270 credits that are no longer available due to recapture. Attach schedule with explanation.

**LINE 33.** Enter the difference between line 25, and the total of lines 30 and 31. This is the amount of the unused credit that can be carried over for five years, or used for sales tax refunds.

**LINE 35.** If you are not located in an enterprise zone, enter -0-. If you are claiming this credit, you must attach Nebraska Schedule I—Enterprise Zone Credit Computation.

**LINES 38 AND 39.** If you checked "YES" on lines 38 or 39, you may be subject to certain recapture provisions. Contact the Nebraska Department of Revenue, P.O. Box 94818, Lincoln, Nebraska 68509-4818, telephone (402) 471-5753, for further instructions.

**DISTRIBUTION OF CREDITS.** Each partnership, S corporation, limited liability company, and fiduciary that distributes its income currently must enter name, address, social security or federal identification number, the year credits were earned, and share of the credit for each partner, shareholder, member, or beneficiary. The share of credit is determined by multiplying the total amount to be distributed by the share of income or ownership of each partner, shareholder, member, or beneficiary. If credits earned in more than one year are distributed, complete a schedule for each year.

**CREDITS RECEIVED THROUGH DISTRIBUTION.** If you are filing Form 3800N to claim a credit distributed from a partnership, S corporation, limited liability company, or fiduciary that distributes its income currently, complete section for the type of credits received. If you receive credits under both incentive program, complete lines 42 through 47.

**LINE 46.** Credits used cannot exceed the lesser of line 44 or line 45.